

MEMORANDUM

To: EEU E-mail Service List

From: Ann Bishop and Ed McNamara, Board staff

Re: Next Steps for EEU Structure Working Group

Date: August 15, 2007

On August 9, 2007, Public Service Board ("Board") staff held the first meeting of the Energy Efficiency Utility ("EEU") Working Group. At that meeting, attendees agreed to the following next steps:

- Certain parties will contact representatives of other structural models to ask for any prepared summaries of those models. David Grimson will contact the Oregon Energy Trust. Board staff will work with Efficiency Vermont to contact Efficiency Maine and the New York State Energy Research and Development Authority. The Vermont Department of Public Service and the City of Burlington Electric Department will consult with their experts regarding whether we should look at any other models, and if so, will contact representatives of those other models.
- By **August 17, 2007**, Board staff will circulate a revised Task Statement for the EEU Working Group that includes a new section on issues raised by participants. Participants will have an opportunity to comment on this revised draft before it is finalized.
- By **August 28, 2007**, participants will circulate to the EEU e-mail service list their comments on the strengths and weaknesses of the current EEU program structure. Participants will identify in their comments how important each of these strengths and weaknesses are to them.
- The next meeting of the EEU Structure Working Group will be from 9:30 a.m. to noon on **August 31, 2007**, in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, VT. At this meeting, participants will discuss the strengths and weaknesses of the current structure, as well as begin to

identify what a franchise means to them (that is, what are its key characteristics). Participants may also discuss any prepared summaries of other structural models that have been received by this date.

- By **September 12, 2007**, participants will circulate to the EEU e-mail service list their comments on what are the key characteristics of a franchise.
- From 1:30 to 5:00 p.m. on **September 14, 2007**, the EEU Structure Working Group will meet in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, VT. At this meeting, participants will discuss the key characteristics of a franchise, and will discuss any remaining prepared summaries of other structural models.

At the workshop, participants discussed a document entitled "Themes from Written Comments" that Board staff prepared. Several parties suggested edits, and Board staff will incorporate these edits when revising the Task Statement for the EEU Structure Working Group.

Also at the workshop, participants discussed the list of some structural models that was attached to the Board's July 13, 2007, memorandum. One additional model was suggested — the Performance-Based Franchise. Under this model, a franchise would be created and various performance goals established. If the entity met the performance goals, the franchise would continue, but if the entity did not meet the performance goals, the competitive bidding model would be revisited.

Workshop participants agreed that it would be helpful to consider how potential structural models address various functions that are part of the overall EEU program (not necessarily part of Efficiency Vermont's current responsibilities). The functions identified by workshop participants are (in alphabetical order):

- administration;
- budgeting;
- education;
- effectiveness of delivery (least-cost delivery of services);
- evaluation;
- market transformation (fostering activity outside the EEU);
- planning, both for EEU services and for a longer-term vision for Vermont's energy efficiency resource;
- regulatory oversight; and
- revenue collection and disbursement.

Workshop participants also stated that, once participants have identified one or more preferred structural options, it will be useful to examine whether the Board currently has jurisdiction to implement those options, or whether additional authority would be necessary.

There was considerable discussion at the workshop about whether it would be desirable to extend the term for which the EEU is selected (whether the EEU continues to operate under a contract with the Board or not). No consensus was reached on this issue; it will be discussed by the Working Group again.

Finally, some participants provided comments at the workshop on the issue of whether Vermont Energy Investment Corporation ("VEIC"), the entity serving as Efficiency Vermont, should be allowed to participate fully in the Working Group's activities, in the same manner as any other party. At the workshop, VEIC stated that it would like to know prior to the Working Group reaching agreement on the final Task Statement if it may participate fully. On August 14, 2007, the Board issued a memorandum authorizing VEIC to participate in the EEU Structure Working Group in the same manner as any other party, including making whatever policy recommendations it chooses regarding the EEU program structure.